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BOOK REVIEWS AND NOTICES

International Trade and Exchange. By HARRY GUNNISON BROWN.

New York: Macmillan, 1914. 8vo, pp. xviii+153, 197.

\$1.50 net.

Professor Brown's book divides itself into two parts. The first, entitled "The Exchange Mechanism of Commerce," considers what are commonly called the foreign exchanges. The second, entitled "The Economic Advantages of Commerce," takes up the theory of foreign trade, the larger share of the space being given to the protective controversy. The two parts are separately paged; the first runs from p. 1 to p. 153, while the second begins again at p. 1 and runs to p. 188. This pagination presumably was adopted because it made possible a reprinting of the two parts separately, with a view to textbook use. To those who have occasion to refer to the book as now printed it causes an inconvenience hardly justified by the advantages which the publishers may expect from textbook sale.

Part I begins with two chapters on the laws of money and the nature of bank credit, giving an explanation of money, credit, and prices, on the familiar lines of the "quantity theory." Professor Brown follows Professor Irving Fisher, using the algebraic formulation which Fisher has made familiar. I doubt whether the extremely compact statement contained in these two chapters will be comprehensible to persons to whom the reasoning is new; while it is superfluous for those who have already been trained in the essentials of economics. Moreover, it is questionable whether such an introduction is needful for the theory of international trade. The only thing essential for the working of the Ricardian mechanism is that a flow of money into a country tends to raise prices, and an outflow tends to lower them. Whether the effect on prices is in exact proportion to the change in quantity makes no difference so far as concerns the consequences in international trade. And that the movement of specie does tend to affect the rise and fall of prices is denied by no one.

The remaining chapters of Part I are more detailed, and, it may be added, more realistic. The treatment remains compact, but it is sufficiently full to be serviceable to the reader untrained in the subject.

Part II again begins with two compact chapters, which this time set forth the nature and the distribution of the gains from international trade. The exposition follows strictly the reasoning of the British school, as developed by Ricardo, Mill, Cairnes, and the rest. It makes no pretense of changing or amending the accepted theory; but it is done with skill, consistency, and precision. There are not so many among the economists who have completely mastered this organon, and Professor Brown's impeccable statement deserves all praise. Whether it is successful as a piece of exposition is not so certain. No part of the "orthodox" system is more perfect logically, more readily deduced from comparatively simple premises; nor does it seem difficult of mastery to one who has once been well drilled in it. Yet I suspect the ascent will seem steep and difficult to one who is called on to follow the lead of Professor Brown in a first attempt.

In comparison with the treatment of the general theory of international trade, that of the protective controversy in the succeeding chapters is detailed and expanded. Even these chapters, however, are terse, and call for the attentive following of compactly stated reasoning. At the close Professor Brown adds two chapters on topics usually neglected in these discussions, such as the nature and effects of bounties, navigation laws, river and harbor improvements, and the like.

As a whole, the volume has the characteristic merits and defects of the writings of the Ricardian school. It is clear-cut, logical, consistently developed from the assumed premises, bare of historical and statistical illustration. Its intellectual quality is high; and if sometimes the conclusions are abruptly stated, the explanation is to be found in the writer's confidence in the solidity and accuracy of his reasoning. But it must make upon many readers the impression of being written *in vacuo*, without regard to the way in which things work in the real world. We may take it for granted that most German economists, for example, will deem this but a belated elaboration of old and discarded theorizing. I have by no means this feeling; yet I must confess that the theory of international trade seems now to need illustration, verification, application to the concrete realities, probably some modifications suggested by a closer examination of those realities, rather than another formulation of the orthodox system. I would not for a moment deny that strict deductive reasoning, such as these pages once more present, is indispensable. But something more is called for than grinding out conclusions in this fashion. It is obvious, for example, that the whole train of deduced consequences depends upon the flow of specie from country to country and the influence

of that flow upon prices in different countries. It is too glibly assumed in this volume, in accord with the traditions of the older school, that the flow of specie not only takes place quickly but also influences prices quickly. As a matter of fact, it is by no means clear in what way it is a consequence of changed prices, or in what manner or with what rapidity it affects prices. The mechanism of the foreign exchanges does indeed simplify it, but also seems often to balk and prevent it. That the fundamental consequences analyzed in the older reasoning still are worked out is not to be doubted. But the problems are not so simple as is here implied. We have to learn more than we now know about the precise way in which the results are brought about.

Something of the same sort may be said of Professor Brown's treatment of protection and free trade. On that subject also he presents the irrefragable reasoning of the older school, and brushes aside with ease, almost with contempt, the commonplace fallacies about protection. There is hardly a word to be said against his treatment; except perhaps that the consequences which he adduces about the distribution of wealth, and especially about the development of economic rent, are much less important than the average reader would infer—these belong, I suspect, among the playthings of the deductive economist, not among the things of significance in the real world. But in any case there is more to be said on the working of protective duties in detail, and on the conceivable advantages to be secured by them, than Professor Brown is ready to grant. The German controversy between *Agrarstaat* and *Industriestaat* is not to be dismissed quite so lightly as is done by Professor Brown; and the possible advantage from protection to young industries is underrated by him. On all these topics a more tempered and judicial treatment is to be wished than we find in these pages. Upon the whole, Professor Brown's book may be said rather to state with discrimination and logical consistency the accepted framework of theory on international trade than to enrich our knowledge in the directions in which it needs enriching.

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Wealth and Welfare. By A. C. PIGOU. London: Macmillan, 1912. 8vo, pp. xxxi+493. \$3.25 net.

This book—which is not so much a treatise as a more or less unified collection of essays—is a work in theory with a practical purpose. The practical problem with which it principally deals is, of course, the prob-